



## Letter to Shareowners

### *Dear Shareowners*

This has been an exciting year for your Company and we have delivered a good financial and operational performance. We continued to focus on cost optimisation and productivity enhancement. It has also been satisfying to witness a steady and stable growth even when external environment was volatile and largely unpredictable.

We are pleased with our performance in FY 2017 having closed the year with Profit After Tax at ₹ 2,710.25 Lacs. But we are looking forward to a stronger and even more exciting year ahead. We are today more equipped and confident that our foresight is taking us towards the right direction and long-term sustainability. With the benefits of volume growth from invested capital yet to reach their full potential, coupled with favourable demand-supply dynamics, we believe the Company has the potential to deliver even better.

#### **Economic Outlook and Industry**

Indian economy continues to remain as an economic bright spot, despite some growth moderation during 2016-17. As per the provisional estimates released by the Central Statistical Organization (CSO), India's Gross Domestic Product (GDP) grew by 7.1% y-o-y in 2016-17 compared to 8.0% in the previous year (under the new base year 2011-12). The inflation rate remained well under control and remained within the Reserve Bank of India (RBI) comfort level. The retail inflation rate measured by Consumer Price Index (CPI) came down to 3.89% in March 2017 compared to 4.83% in March 2016. However,

Wholesale Price Index (WPI) rose to 5.29% in March 2017 against a decline of 1.09% in March 2016.

The lack of momentum in the global economy, lacklustre demand growth in India, and the liquidity crunch post demonetisation, all put severe pressure on our business. Our rapid capacity ramp-up together with smart management of raw materials helped us not just report sales, but generate significantly higher margins and free cash flows. Fiscal 2016-17 remained exciting for the economy, industries and country. We are encouraged by reforms including to the Goods and Services Tax (GST), initiatives to develop infrastructure and focus on providing affordable housing. These are all transformative steps, designed to strengthen the country from within and unleash its full economic potential.

#### **Your Company's Performance**

The flagship company of the Gallantt Group, Gallantt Metal is one of the leading steel producer with integrated steel manufacturing capabilities in the Western India. The company has established its presence with strong technological competencies. Poised to lead the market, Gallantt Metal has achieved stellar growth and has maintained its winning streak through the years. We venture for continued distinction in the industry supported by our four core values of transparency, strive for excellence, dynamism, and passion for learning.

Your Company has delivered good operational performance in FY 2016-17 with relentless focus on cost discipline and improved productivity across all our operations that enabled us to deliver strong earnings and record cash flow. As a result, your company reduced debt and strengthened its ability to withstand volatility in the tough and challenging commodities market during the year. During 2016-17, your company have witnessed unprecedented challenges but remained steadfast to the belief to counter these challenges with resilience. This we reflected through our strong operational performance. Our revenues stood at 61,673.14 Lakh and EBIT at 3,659.79 Lakh in the fiscal. Profit before Tax and Profit after Tax stood at ₹ 3,031.52 Lakh and ₹ 2,710.25 Lakh respectively.

I am confident that we will have a more promising year ahead of us in view of the strategies we have undertaken, the gradually developing positivity in our core operative sectors. And, finally, I would like to thank you for the unstinted support and unwavering confidence in the Company.

Yours truly,

**C. P. Agrawal**

Chairman